




DEMYSTIFYING SAP RISE, NEXT GENERATION ERP MODELS FOR OPTIMIZED TCO



ERP suites are essential for enterprises worldwide, acting as the nerve center spanning multiple departments and external ecosystems. With the advent of cloud, IoT, mobile, AI/M, and analytics, the ERP landscape is experiencing significant changes. SAP, a proven player in the industry, is involved in almost 80% of global business transactions.

Infosys is actively involved in the ERP and SAP ecosystems. It established a roundtable to discuss the latest ERP models and cloud adoption strategies in this context. Participants from industry, analyst firms, SAP and Infosys, shared insights on implementing RISE with SAP to help enterprises make informed decisions to maximize their potential to drive business growth and innovation. This paper highlights the key takeaways from the roundtable.

Understanding RISE with SAP

What and Why of RISE with SAP? Quite simply, it is a cloud based ERP that helps businesses transform mission-critical systems to amplify efficiencies and encourage innovation. It is a comprehensive package of infrastructure, applications (SAP S/4 HANA, SAP BTP, SAP Success Factors, SAP Ariba) and services (business process intelligence).

RISE with SAP is based on a subscription licensing model, and companies will no longer need to purchase perpetual licenses or individual solutions. This model applies to all solutions included in the RISE offering, including user licenses and the infrastructure. Costs arise from subscription fees for users licensed as Full User Equivalents (FUEs). Specific metrics are applied to RISE with SAP's standardized solution or are already integrated into the infrastructure. Digital Access represents an additional cost factor. Defined Digital Access documents generated outside the SAP system or whose creation is triggered externally are counted and paid for here.

RISE with SAP is a wide-ranging bundle of services and solutions offered by SAP to support companies in their digital transformation and to encourage them to migrate from on-premise to the cloud. Customers can select among three cloud providers, namely AWS, Azure or Google. Customers can also opt for SAP's Public Cloud or Private Cloud.

The entire infrastructure of RISE with SAP's bundle of services and tools is managed by SAP, which largely eliminates the company's existing infrastructure costs. Hence, the company can fully focus on its operational processes. Addons can also be moved to the cloud, which is of particular relevance for licensing.

Who is the target audience?

RISE with SAP is a cost-effective and scalable solution that is easy to implement and manage without big-sized IT teams or heavy infrastructure investments. So, SMEs can exploit the capabilities of S/4 HANA without the accompanying big spends.

In short, RISE with SAP is a meticulously constructed ERP solution for businesses desiring to modernize their IT systems, increase efficiency and support growth, all critical factors in a constantly changing environment. Furthermore, for those companies looking to implement S/4 HANA, this route offers cost-effective, scalable, fast, secure and prebuilt solutions, blueprints and best practices that can help organizations transform their business and stay relevant in tough conditions.

However, RISE with SAP implementation comes with its set of challenges. For instance, concerns over the lack of control, security on cloud and integration may surface. However, that's where system integrators like Infosys and a strong SAP partner can bridge the gap and ensure a seamless implementation.

Here are some examples of how companies have navigated the transition to RISE with SAP.

A greenfield exercise from an on-premise model to cloud:

An American semiconductor manufacturer, among the top five in the world, launched a business transformation program to streamline operations, improve finance and supply chain management, reduce costs and boost customer experience. It opted for a platform strategy powered by RISE with SAP on Azure mainly to bring together a disparate application landscape.

More insights into their decision-making

The company weighed the two models of on-premise and cloud. Ultimately, it was a question of strategic control versus investments. They elected to take advantage of the cloud, recognizing that SAP's significant investments in R&D and product roadmap would yield better results. Moreover, this way, the company believed it could influence the SAP product roadmap better. The SAP program involved implementing full suite SAP S/4HANA, SAP Ariba, IBP and BTP rolled out over multiple releases. A crucial piece is a focus on change management, given the importance and scale of this exercise, where Infosys was the delivery partner.



“Conversion to RISE with SAP is not the destination but the first step in the digital core journey. SAP’s view coincides as they have included conversion as an adoption approach in the RISE Construct two with Private Cloud Edition. While earlier conversion projects focused only on technical impact, today, customers include additional innovations as part of their original conversion, for instance, activating SAP Fiori. In this context, BTP provides a powerful way to continue to develop custom solutions aligned with the conversion project charter. As a result, organizations can consume innovations through BTP even before the conversion journey.”

Satinder Pal Singh – Sr. Director, SAP Digital, Architecture Consulting

“Continuing to customize S/4 HANA in the same way as on-premise systems would restrict innovation. That’s why it is important to use BTP to ensure a clean core. BTP can help analyze the current environment, identify opportunities for cleansing code and data, archiving information and much more. In essence, BTP helps prepare the existing environment for the conversion journey and can continue to be harnessed through the journey.”

Damien Johnson, Global Chief Architect – RISE Ecosystems

Words of wisdom -

- The 70:20:10 guide implies that 70% represents out-of-the-box functionality with minimal configuration to deploy; 20% will be heavily configured, while 10% will be customized.
- Organizations must be willing to make process changes that support technology best practices.
- Adopt industry standards for order to cash, procure to pay, and record to report.
- Procure management support, especially from the CFO.
- Bundle all applications on the RISE environment - for example, this company provisioned the cloud version of Team Center on the RISE environment for better value.



A Brownfield program - shift from on-premise legacy to cloud

An early adopter of RISE with SAP, this semiconductor set on a path to modernize its legacy ERP which had been untouched for over 15 years. The company's rapid growth rate made it challenging for the aging applications to keep pace with the business requirements. In addition, the company has been active on the M&A front, further complicating the business and IT landscape. So, they decided to transition to a minimum viable product concept of RISE with SAP for the combined entity.

Before the decision, this company assembled a business case

diligently. As an existing SAP customer, they worked closely with SAP's value engineering team to map KPIs by process and compare them with industry standards and SAP's recommendations. This exercise shed light clearly on areas to improve. Then, using this information and industry analyst data, they evaluated options to forecast benefits and priorities during the implementation. Expect such an exhaustive assessment to last three to six months. With this, the company settled on a cloud first strategy powered by RISE with SAP. The four cloud application services that come as an optional SKU and SAP BOM provide a definite spurt to release, upgrade and testing.

"Over two-thirds of SAP customers are yet to begin their S4 journey. In such cases, if the readiness check does not reveal anything unprecedented, a Brownfield approach and consuming innovation in a phased manner are the way to go. However, when issues are identified, or a complex environment is to be converted, a Bluefield conversion is the suggested option."

Satinder Pal Singh – Sr. Director, SAP Digital, Architecture Consulting

More insights into their decision-making

- The company compared metrics using the baseline for consumption it had established from its existing on-premise SAP system with that of its M&A partner, who was on another system to validate their calculations.
- They chose a ramping approach and assumed a higher usage to avail themselves of the lower rates, anticipating the M&A to consume the remaining subscriptions in the higher bracket.
- Using the calculator on BTP to determine service charges and discounts for future platform scenarios, they arrived at a decision.

Words of wisdom -

- Be clear about what you subscribe for, including licenses and infrastructure instances.
- Estimate in advance if additional enrollments for both RISE and BTP are required to accommodate lead time.

Typically, an organization could require up to three years of additional environment as multiple things occur simultaneously.

- Be innovation oriented. In this case, the focus was on analytics, integration and ML for BTP.



A Brownfield transition in the works

A global professional services company is currently using ECC 8 on SQL Server. They moved their SAP systems onto Azure in 2019 and started evaluating S4 Hana in early 2021. The company clearly states that the need for speed, innovation and building a competitive advantage spurred them toward RISE with SAP. It was the same reason that triggered the shift to Azure. Once the company outgrew that environment with its acquisition, it was ready to elevate its systems to the next generation. Their investments will align with SAP's actions as part of this shift. For example, they will consider Signavio.

More insights into their decision-making

- They planned to retire a few products and swap licenses of some others during the RISE conversion. They made this decision by analyzing usage data.
- The company opted for an incremental change approach with limited innovation. Being in a fast growing market, they needed to respond quickly and not be tied down with the weight of a full-fledged transformation.
- The decision to use the private cloud was arrived at after considering SAP's investments in public cloud and the extent of customization required, which is not currently supported on the public cloud.
- Determine how users will use the product now and in the future, to settle on the right pricing tier.
- In alignment with SAP's step to confine development that touches end users to BTP, the company decided to move every new development to BTP. This would result in a clean core and make the transition to RISE easier.

“Customization is a necessity and not a problem because that’s how companies differentiate themselves. But it is known that customizations are a heavy load on upgrades. So, how does a clean core strategy intended by SAP to drive easier and faster upgrades fit? SAP’s Extensibility is the solution through the SAP S/4 HANA - on-stack or SAP BTP - side-by-side concepts.”

Satinder Pal Singh – Sr. Director, SAP Digital, Architecture Consulting

Words of wisdom -

- Consolidate integration terms across different contracts to ensure maximum value
- Build a RACI chart to clearly delineate SAP, partners and your company's role and responsibilities. This will help all teams identify handoff points and decide the migration path.
- Socialize the change within the company, both business and technical, and assuage concerns over losing control. Educate the business on the gains to be expected.

Concluding thoughts

Organizations planning to adopt SAP S/4 HANA have various options when planning their migration strategy. Important decisions must be made on cloud versus on-premise models, pricing tiers, options for Brownfield, Greenfield and Bluefield conversion approaches, clean core versus customization, and innovation. While the initial investment in arriving at a migration path is significant, the benefits generated are immense. Similarly, working with a capable and experienced partner like Infosys can help avoid issues and enable a smooth transition.





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